



## **Multi-Year Fund Projections**

The City includes fund projections in the annual budget. These projections incorporate the current year budget information with the budget outlook over the next five years. Projections include only the current levels of activity and do not include estimates of future service expansions.

Multi-year projections are prepared for the General Fund, the Debt Fund, and major Enterprise Funds.

# GENERAL FUND PROJECTION

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenues</b>						
General Property Taxes	\$ 87,584,859	\$ 89,728,336	\$ 92,298,207	\$ 94,943,101	\$ 97,665,230	\$ 100,466,873
Taxes: Prior Year Levy/Interest	1,613,140	1,576,476	1,622,781	1,670,057	1,718,720	1,769,145
Other Local Taxes	53,307,090	55,151,512	57,060,179	59,035,330	61,079,282	63,194,434
State-Shared Revenues	11,881,736	12,117,978	12,358,944	12,604,730	12,855,432	13,111,147
Licenses and Permits	4,283,736	4,443,439	4,611,060	4,785,354	4,966,586	4,968,281
Investment/Rental Income	126,272	122,612	122,612	126,272	126,272	126,272
Charges for Current Services	7,080,356	7,185,097	7,292,766	7,403,455	7,517,256	7,585,602
Intragovernmental Services	1,822,778	1,859,233	1,896,419	1,934,348	1,973,037	2,012,497
Other Revenues	730,847	734,507	734,507	730,847	730,847	730,847
Additional Revenues	1,766,025	4,130,184	7,307,969	9,622,571	11,742,448	10,850,913
<b>Total Revenues</b>	<b>\$ 170,196,839</b>	<b>\$ 177,049,374</b>	<b>\$ 185,305,444</b>	<b>\$ 192,856,065</b>	<b>\$ 200,375,110</b>	<b>\$ 204,816,011</b>
<b>Appropriations</b>						
Personal Services	\$ 134,225,999	\$ 140,340,686	\$ 146,196,761	\$ 152,213,756	\$ 158,501,643	\$ 165,073,691
Operating	31,531,630	32,290,980	33,647,228	34,085,212	35,268,747	33,087,909
Capital Outlay	755,215	727,644	756,750	787,019	818,500	851,241
Others	191,579	97,250	97,250	97,250	97,250	97,250
Transfers to Other Funds	3,492,416	3,592,815	4,607,456	5,672,829	5,688,970	5,705,920
<b>Total Appropriations</b>	<b>\$ 170,196,839</b>	<b>\$ 177,049,374</b>	<b>\$ 185,305,444</b>	<b>\$ 192,856,065</b>	<b>\$ 200,375,110</b>	<b>\$ 204,816,011</b>
Property Taxes Needed	\$ 87,584,859	\$ 93,858,520	\$ 99,606,176	\$ 104,565,672	\$ 109,407,678	\$ 111,317,786
Projected Levy	87,584,859	89,728,336	92,298,207	94,943,101	97,665,230	100,466,873
Surplus/(Shortfall)	\$ -	\$ (4,130,184)	\$ (7,307,969)	\$ (9,622,571)	\$ (11,742,448)	\$ (10,850,913)
One Cent on Tax Rate	\$ 2,475,547	\$ 2,536,132	\$ 2,608,768	\$ 2,683,525	\$ 2,760,464	2,839,652
Tax Rate (General Fund Only)	0.3538	0.3538	0.3538	0.3538	0.3538	0.3538
<b>Tax Rate Equivalent</b>	<b>0.0000</b>	<b>0.0163</b>	<b>0.0280</b>	<b>0.0359</b>	<b>0.0425</b>	<b>0.0382</b>
<b>Tax Rate (cents)</b>	<b>0.3538</b>	<b>0.3701</b>	<b>0.3818</b>	<b>0.3897</b>	<b>0.3963</b>	<b>0.3920</b>
12% Undesignated Fund Balance	\$ 20,004,531	\$ 20,814,787	\$ 21,683,759	\$ 22,461,988	\$ 23,362,337	\$ 23,893,211
Undesignated Fund Balance	\$ 35,415,563	\$ 35,415,563	\$ 35,415,563	\$ 35,415,563	\$ 35,415,563	\$ 35,415,563
Fund Balance %	21.25%	20.42%	19.60%	18.92%	18.19%	17.79%

## **GENERAL FUND PROJECTION**

### **Revenue Assumptions**

FY2017 – FY2021

- Property Tax Base is projected to grow at 2.86% annually overall.
- FY 2015-16 is a revaluation year in which property tax values will be reappraised.
- Other Local Taxes (Sales and Hotel/Motel) are projected at 3.34% growth annually.
- Intergovernmental projection: State Collected Revenues are assumed to have slow growth of 1.95%.
- Licenses & Permits are projected to have slow growth (between 1% and 2%).
- Rental Income is projected to have slow growth (between 1% and 2%).
- Charges for Current Services are projected to have slow growth (between 1% and 2%).
- Other revenue is projected to grow at 0.5% annually.

### **Appropriation Assumptions**

FY2017 – FY2021

- Personal Services (all salaries and benefits) appropriations are projected to grow at 3.5% overall.
- Operating appropriations are generally projected to grow at 1%. Other periodic costs such as election year expenses, as well as gradual increases for deferred maintenance and street maintenance funding are also included in future years.
- Capital outlay is projected to stay flat.
- Transfers to Other Funds are generally projected to grow overall by 2%, but fund subsidies are also included with best estimates based upon multi-year projections for those funds.

## DEBT FUND PROJECTION

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenues</b>						
Property Taxes	\$32,231,624	\$ 32,846,771	\$ 33,652,042	\$ 34,347,719	\$ 35,052,395	\$ 35,884,702
Other Revenue	635,637	622,013	598,195	572,160	545,192	509,455
Intergovernmental	1,217,222	-	-	-	-	-
Refunding Proceeds	6,000,000	-	-	-	-	-
Appropriation from Fund Balance	1,000,985	-	-	-	2,190,349	464,385
<b>Total Revenues</b>	<b>\$ 41,085,468</b>	<b>\$ 33,468,784</b>	<b>\$ 34,250,237</b>	<b>\$ 34,919,879</b>	<b>\$ 37,787,936</b>	<b>\$ 36,858,542</b>
<b>Appropriations</b>						
Debt Service	\$ 36,695,293	\$ 29,668,205	\$ 28,628,287	\$ 27,993,064	\$ 34,813,022	\$ 33,972,909
Tax Collection Fee	370,664	361,314	370,172	377,825	385,576	394,732
Transfer to Capital	900,000	-	-	-	-	-
Transfer to Other Funds	3,119,511	3,021,859	2,972,930	2,789,465	2,589,338	2,490,901
Appropriation to Fund Balance	-	417,406	2,278,848	3,759,525	-	-
<b>Total Appropriations</b>	<b>\$ 41,085,468</b>	<b>\$ 33,468,784</b>	<b>\$ 34,250,237</b>	<b>\$ 34,919,879</b>	<b>\$ 37,787,936</b>	<b>\$ 36,858,542</b>

### DEBT PROJECTION

#### Revenue Assumptions

- Property Taxes – Property Tax Base is projected to grow at 2.86% annually.
- Other Revenue – Subsidy payments from Build America Bonds (BABs).
- Intergovernmental – Transfers from Durham County to pay for a portion of a communications infrastructure project.
- Appropriation from Fund Balance – Any portion not covered by revenues must be covered by fund balance.

#### Appropriation Assumptions

- Debt Service – Principal and interest payments on the City's debt service. Interest is projected at 3.5%.
- Tax Collection Fee - A portion of the tax collection interlocal contract with the County is allocated in this fund.
- Transfer to Capital / Other Funds – Transfers to funds that have debt obligations.
- Appropriation to Fund Balance – Any surplus in the fund is returned to fund balance.

## WATER AND SEWER FUND PROJECTION

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenues</b>						
Investment/Rental	\$ 466,000	\$ 475,320	\$ 484,826	\$ 494,523	\$ 504,413	\$ 514,501
Water & Sewer Sales	86,534,603	89,649,849	92,966,893	96,406,668	100,070,122	104,373,137
Other Operating Revenues	962,500	981,750	1,001,385	1,021,413	1,041,841	2,513,129
Licenses and Permits	85,000	86,700	88,434	90,203	92,007	93,847
Frontage Fees/Assessments	350,000	357,000	364,140	371,423	378,851	386,428
Other Revenues	58,625	59,798	60,994	62,214	63,458	64,727
Transfers From Other Funds	276,982	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 88,733,710</b>	<b>\$ 91,610,417</b>	<b>\$ 94,966,672</b>	<b>\$ 98,446,444</b>	<b>\$ 102,150,691</b>	<b>\$ 107,945,769</b>
<b>Appropriations</b>						
Personal Services	\$ 25,463,435	\$ 26,354,655	\$ 27,277,068	\$ 28,231,765	\$ 29,219,877	\$ 30,388,672
Operating	28,309,448	29,300,279	30,325,789	31,387,192	32,485,744	33,785,174
Transfer to CIP	19,000,000	18,200,000	16,800,000	13,300,000	9,100,000	10,500,000
Transfer to Other Funds	650,869	680,158	710,765	742,749	776,173	811,101
Debt Service	10,646,702	13,323,758	15,814,234	19,627,359	25,216,524	26,971,875
Appropriation to Fund Balance	4,663,256	3,751,567	4,038,816	5,157,379	5,352,373	5,488,947
<b>Total Appropriations</b>	<b>\$ 88,733,710</b>	<b>\$ 91,610,417</b>	<b>\$ 94,966,672</b>	<b>\$ 98,446,444</b>	<b>\$ 102,150,691</b>	<b>\$ 107,945,769</b>

### Debt Coverage Ratio:

Parity Debt	6.23	4.69	3.72	2.79	2.14	2.09
All Debt	3.61	3.21	2.80	2.33	1.88	1.88

## WATER AND SEWER PROJECTION

### Revenue Assumptions

- The projection reflects a reserve for debt coverage that is intended to ensure that the City meets or exceeds the revenue bond rate covenants contained in the water and sewer revenue bonds. Adverse conditions such as water restrictions due to drought, or unseasonably wet years, place the City in jeopardy of not recognizing sufficient revenues to meet these covenants. The coverage ratio that must be maintained for parity debt is 1.25 and for all debt 1.0. Generally, only operating revenues can be utilized for computation of the coverage ratio.
- A rate increase for water and sewer service charges is being proposed for FY 2015-16. This rate increase is equates to about a 3% increase for the average residential customer.
- The rate model utilized for the projection includes future rate increases based on growth in operating expenses. The rate model also assumes full funding of the proposed CIP by utilization of funds from capital facility fees, pay-as-you-go transfers from the operating fund, and revenue and/or General Obligation bond issues.
- Water and Sewer Sales include both consumption and service fee charges to all direct water and sewer customers, inside and outside the City. It does not include contractual water sales to other utilities.
- Most non-rate revenue sources are projected to increase by 2% annually.
- Transfers From Other Funds is a repayment over five years from the General Fund for the financing of an information technology infrastructure upgrade project. FY 2015-16 is the final year of that repayment.

### **Appropriation Assumptions**

- All Operational and Maintenance costs including personnel, operating and capital increase by 3.5% each year to cover expected system expansions and increased regulatory requirements.
- Transfer to CIP represents the amount of cash projected to be transferred from the Water and Sewer Fund to the Capital Projects fund for water and sewer construction projects.
- Transfers to Other Funds include a transfer capital funds to pay for fleet needs.
- Debt Service projections are provided by the City's Finance Department and includes all existing and estimated future debt service to be paid by the Utility System.
- Appropriation to Fund Balance builds the reserves in the Water and Sewer operating fund in order to be able to continue to meet debt covenants.

## SOLID WASTE FUND PROJECTION

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenues</b>						
General Property Taxes	\$ 14,481,951	\$ 14,836,370	\$ 15,261,292	\$ 15,698,619	\$ 16,148,717	\$ 16,611,712
Interest and Rental Income	7,000	7,000	7,000	7,000	7,000	7,000
Charges for Services	6,040,052	6,055,083	6,070,343	6,085,833	6,101,552	6,117,503
Intergovernmental Revenues	152,400	152,400	152,400	152,400	152,400	152,400
Landfill Gas	197,000	193,060	189,199	185,415	181,707	178,072
Transfers From Other Funds	15,000	15,000	15,000	15,000	15,000	15,000
Appropriation From Fund Balance	-	28,786	-	-	-	-
<b>Total Revenues</b>	<b>\$ 20,893,403</b>	<b>\$ 21,287,699</b>	<b>\$ 21,695,234</b>	<b>\$ 22,144,266</b>	<b>\$ 22,606,376</b>	<b>\$ 23,081,687</b>
<b>Appropriations</b>						
Personal Services	\$ 6,389,542	\$ 6,736,990	\$ 7,033,787	\$ 7,344,371	\$ 7,669,427	\$ 7,991,409
Operating	9,980,663	10,141,856	10,436,324	10,772,915	11,143,253	11,337,113
Debt Service	4,281,130	4,405,035	4,215,292	3,583,834	3,372,228	3,365,065
Transfers To Other Funds	3,818	3,818	3,818	3,818	-	-
Transfer to Fund Balance	238,250	-	6,013	439,328	421,468	388,101
<b>Total Appropriations</b>	<b>\$ 20,893,403</b>	<b>\$ 21,287,699</b>	<b>\$ 21,695,234</b>	<b>\$ 22,144,266</b>	<b>\$ 22,606,376</b>	<b>\$ 23,081,687</b>

## SOLID WASTE PROJECTION

### Revenue Assumptions

- General Property Taxes represents the portion of the City's tax rate that is dedicated to the Solid Waste Fund. For FY 2015-16, this rate is 5.85 cents per \$100 valuation. Future years project the same rate.
- Interest and rental income is revenue earned through the commitment of City funds to investment instruments allowed under State statute.
- Charges for Services represents all revenues which are received as a direct result of the department's operations. These revenues include the per ton tipping fee, fees for yard waste collection, disposal bin purchases, brush pickup fees, and white good disposal revenue. These fees are projected to grow or decline at various rates depending upon the specific source.
- Intergovernmental Revenues includes the State Solid Waste Disposal Tax and is projected to remain constant.
- Landfill Gas is methane produced by the landfill and sold to a vendor. It is a limited resource, and as production drops, revenue is projected to decrease by 2% annually.
- Transfers from Other Funds is a transfer from the BID fund to partially cover the costs of providing extra services in the BID area.
- Appropriation from Fund Balance is used when projected expenses exceed projected revenues for the fund.

### Appropriation Assumptions

- Personal Services projections are based upon assumptions in the City's multi-year plan and are projected to grow an average of about 4.5% per year over the next five years.
- Operating costs are projected to grow by an average of about 2.5% annually due primarily to contractual and vehicle costs.
- Debt service costs cover vehicle purchases and other capital needs that are financed.
- Transfers to Other Funds is a small transfer to cover the Solid Waste Fund's portion of a technology project.
- Transfer to Fund Balance is used when projected revenues exceed projected expenses.

## STORMWATER MANAGEMENT FUND PROJECTION

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenues</b>						
Operating Revenues	\$ 15,009,365	\$ 15,035,413	\$ 16,561,144	\$ 16,892,367	\$ 17,230,214	\$ 17,574,819
Interest and Rental Income	20,000	20,200	20,402	20,606	20,812	\$ 21,020
Miscellaneous Revenue	209,750	215,491	220,504	225,619	230,836	\$ 236,157
Transfers from Other Funds	109,047	109,047	109,407	109,407	109,407	\$ 109,407
<b>Subtotal Revenues</b>	<b>\$ 15,348,162</b>	<b>\$ 15,380,151</b>	<b>\$ 16,911,457</b>	<b>\$ 17,247,999</b>	<b>\$ 17,591,269</b>	<b>\$ 17,941,403</b>
Appropriation from Fund Balance	-	3,554,671	-	-	-	\$ -
<b>Total Revenues</b>	<b>\$ 15,348,162</b>	<b>\$ 18,934,822</b>	<b>\$ 16,911,457</b>	<b>\$ 17,247,999</b>	<b>\$ 17,591,269</b>	<b>\$ 17,941,403</b>
<b>Appropriations</b>						
Personal Services	\$ 6,580,491	\$ 6,777,906	\$ 6,981,243	\$ 7,190,680	\$ 7,406,401	\$ 7,628,593
Operating	2,860,406	3,231,916	4,255,214	4,330,344	4,457,353	\$ 4,586,287
Transfers to Other Funds	4,895,440	8,925,000	5,675,000	5,725,000	4,750,000	\$ 5,200,000
Transfers to Fund Balance	1,011,825	-	-	1,975	977,515	\$ 526,523
<b>Total Appropriations</b>	<b>\$ 15,348,162</b>	<b>\$ 18,934,822</b>	<b>\$ 16,911,457</b>	<b>\$ 17,247,999</b>	<b>\$ 17,591,269</b>	<b>\$ 17,941,403</b>

## STORMWATER MANAGEMENT PROJECTION

### Revenue Assumptions

Stormwater Charges – Property owners are billed for Stormwater Charges based on the impervious area of their property (measured in Equivalent Residential Units (ERU), or 2,400 square feet). No rate increase is proposed for FY 2015-16. The \$1.8 million increase in FY 2017-18 assumes a rate increase to absorb increased operating expenses related to the maintenance of Stormwater infrastructure for City-owned property.

The single-family residential Stormwater monthly fee structure reflects three tiers tied to square footage of impervious surface:

- \$3.26 for less than 2,000 square feet
- \$6.75 for more than 2,000 and less than 4,000 square feet
- \$13.52 for more than 4,000 square feet

The monthly charge for each commercial ERU is \$6.75. The Stormwater Fee ordinance exempts City streets, but not City buildings, from Stormwater Fees.

Miscellaneous revenues include permit fees for plan review and inspection of any required Stormwater management facilities (e.g., detention basin, sand filter) associated with development plans. Also included in this category are fees for the removal of dead animals from veterinary hospitals, a service provided by the Street Cleaning division. Increases are budgeted at approximately 3%.

Transfers from other funds includes transfers from the Transit Fund.

Appropriations from fund balance represents any costs not covered from revenue sources.

### Appropriation Assumptions

- Personal Services costs are projected to grow at a rate of approximately 3% annually.
- Operating costs are projected to grow at approximately 2.5% annually. Beginning in FY 2017-18, an additional \$1.3 million beyond the 2.5% growth will be needed per year due to the consolidation of Stormwater maintenance for City-owned property within the fund.
- The Transfers to Other Funds includes the transfer from the Stormwater Fund to the CIP fund for private property projects and watershed planning and design and to the Fleet Fund for vehicle replacements.
- Transfer to fund balance is present in years in which revenue are anticipated to exceed expenditures.



## TRANSIT FUND PROJECTION

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenues</b>						
General Property Taxes	\$ 9,580,368	\$ 9,771,975	\$ 9,967,415	\$ 10,166,763	\$ 10,370,098	\$ 10,577,500
Licenses and Permits	2,480,521	2,530,131	2,580,734	2,632,349	2,684,996	2,738,696
Intergovernmental	5,081,181	4,597,578	4,714,651	4,696,674	4,881,643	5,136,797
Charges for Current Services	3,494,087	3,754,196	3,859,327	3,963,044	4,069,841	4,179,518
Other Revenue	210,936	177,775	156,731	159,811	151,022	190,370
Appropriation from Fund Balance	-	-	-	182,637	166,922	-
<b>Total Revenues</b>	<b>\$ 20,847,093</b>	<b>\$ 20,831,656</b>	<b>\$ 21,278,858</b>	<b>\$ 21,801,278</b>	<b>\$ 22,324,522</b>	<b>\$ 22,822,881</b>
<b>Appropriations</b>						
Operating	\$ 18,481,784	\$ 19,158,854	\$ 19,772,603	\$ 20,330,980	\$ 20,978,103	\$ 21,348,636
Capital	379,000					
Debt Service	203,460	210,417	205,778	205,778	205,778	205,778
Transfers to Other Funds	1,688,504	1,276,757	1,262,631	1,264,520	1,140,641	1,268,467
Appropriation to Fund Balance	94,345	185,628	37,846	-	-	-
<b>Total Appropriations</b>	<b>\$ 20,847,093</b>	<b>\$ 20,831,656</b>	<b>\$ 21,278,858</b>	<b>\$ 21,801,278</b>	<b>\$ 22,324,522</b>	<b>\$ 22,822,881</b>

### TRANSIT PROJECTION

#### Revenue Assumptions

- This fund does not capture the full revenues or costs associated with Transit operations. Several grants are accounted for in grant funds. Changes in future grant allocations affect overall Transit operations.
- The Transit Fund currently receives 3.87 cents of the tax rate, the same rate as in FY 2014-15. Growth in the tax base is projected at 2% annually.
- Licenses and Permits are projected to grow by 2% annually.
- Intergovernmental (State grant) revenue base is projected flat overall, but increases are tied to growth in the transit system as new service is added, based on the funding formula. This line also includes transfers from Triangle Transit for new services and approved transfers for existing service from the half cent sales tax and increased motor vehicle fee approved as part of the Bus and Rail Investment Plan.
- Charges for Services are projected to grow at 3% for Transit and Paratransit services after FY 2016-17.
- Other Revenue is variable based upon expected activities in each fiscal year.
- Appropriation from Fund Balance is present in years where expenses are projected to exceed revenues.

#### Appropriation Assumptions

- As noted in Revenue Assumptions, some Transit operating costs are captured in grant funds and not shown here. Changes in those grant allocations will also affect Transit operations funding.
- This projection does not include capital costs for significant expansion of the fleet. Those costs are captured in grant and capital projects.
- Transit service operating costs are projected to rise at an annual rate of 3.05% on average without any increase in service levels. The other increases in FY 2016-17 through FY 2019-20 also reflect costs associated with projected new services as part of the Bus and Rail Investment Plan.
- Transfers to Other Funds show grant matches required to leverage grant funding for Transit operations.
- Appropriation to Fund Balance is present in years when revenues are projected to exceed expenses.

## PARKING FACILITIES FUND PROJECTION

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenues</b>						
Interest and Rental Income	\$ 2,000	\$ 2,040	\$ 2,081	\$ 2,123	\$ 2,165	\$ 2,208
Charges for Current Services	3,306,726	3,563,517	4,929,921	5,725,268	5,964,517	6,030,579
Appropriation from Fund Balance	-	287,896	-	49,914	-	10,999
Transfers from Other Funds	1,924,735	1,856,505	1,790,185	1,778,144	1,713,229	1,639,658
<b>Total Revenues</b>	<b>\$ 5,233,461</b>	<b>\$ 5,709,958</b>	<b>\$ 6,722,187</b>	<b>\$ 7,555,449</b>	<b>\$ 7,679,911</b>	<b>\$ 7,683,444</b>
<b>Appropriations</b>						
Personal Services	\$ 141,802	\$ 146,056	\$ 150,438	\$ 154,951	\$ 159,600	\$ 164,388
Operating	2,954,187	3,707,397	4,007,163	4,775,941	4,849,889	4,949,501
Capital	17,500	-	-	-	-	-
Debt Service	1,924,737	1,856,505	2,213,392	2,624,557	2,643,126	2,569,555
Transfer to Fund Balance	195,235	-	351,194	-	27,296	-
<b>Total Appropriations</b>	<b>\$ 5,233,461</b>	<b>\$ 5,709,958</b>	<b>\$ 6,722,187</b>	<b>\$ 7,555,449</b>	<b>\$ 7,679,911</b>	<b>\$ 7,683,444</b>

## PARKING FACILITIES PROJECTION

### Revenue Assumptions

- Since FY 2002-2003 a private vendor is contracted to operate the City garages and parking lots.
- Charges for Current Services are generally projected to grow by 2% annually, with adjustments for Parking Study proposed changes. Those assumptions include:
  - Purchase of New parking equipment for on-street parking enforcement (meters) - FY 2017-2018 (Implementation January 2017 - financed over five years (included in debt service payments beyond transfer from debt service fund)
  - Construction of New Parking Deck completed by January 2017. First debt payment in FY 2017-2018
  - Financed future renovations/security equipment needs at the Parking garages in FY 2017-2018 (includes debt service payments beyond the transfer from debt service fund).
  - This assumes a general parking rate increase of 20% in FY 2017-2018
- Transfers from Other Funds are a subsidy from the Debt Service Fund, covering existing debt service. Any new debt the fund incurs is expected to be covered by the Parking Fund.

### Appropriation Assumptions

- Personal Services are projected to grow by 3%.
- Operating costs are projected to grow by 1% annually, with the increased costs from the assumptions above in the Charges for Current Services section factored in as well.

# **BALLPARK FUND PROJECTION**

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Revenues</b>						
Interest Income	\$ 2,000	\$ 6,386	\$ 6,668	\$ 7,201	\$ 2,852	\$ 1,273
Charges for Service	215,793	244,711	220,454	236,976	253,979	271,476
Transfers from Other Funds	1,244,776	1,353,431	1,370,006	1,103,811	1,074,342	1,047,275
Transfer from Reserve	-	-	-	-	874,246	317,393
<b>Total Revenues</b>	<b>\$ 1,462,569</b>	<b>\$ 1,604,528</b>	<b>\$ 1,597,128</b>	<b>\$ 1,347,988</b>	<b>\$ 2,205,419</b>	<b>\$ 1,637,417</b>
<b>Appropriations</b>						
Debt Service	1,287,329	1,403,428	1,395,746	1,240,787	1,228,320	1,218,752
Capital Repair/Replacement	-	-	-	-	977,099	418,665
Transfer to Fund Balance	52,000	56,386	56,668	107,201	-	-
Transfers to Other Funds	123,240	144,714	144,714	-	-	-
<b>Total Appropriations</b>	<b>\$ 1,462,569</b>	<b>\$ 1,604,528</b>	<b>\$ 1,597,128</b>	<b>\$ 1,347,988</b>	<b>\$ 2,205,419</b>	<b>\$ 1,637,417</b>

## **BALLPARK PROJECTION**

### **Revenue Assumptions**

- Per the lease agreement approved by City Council on May 6, 2013, the City will receive annual base rent of \$135,304, with a projected 2% escalation, based on CPI. Additionally, the City will receive 3% of any gross revenues in excess of \$10,750,000 as well as 1.25% of revenues collected from Third Party and Special Events. These figures and assumptions were used to calculate interest and rental income revenues.
- The Transfers from Other Funds represents a subsidy from the General Fund and Debt Service Fund. The General Fund is providing \$50,000 annually for the capital reserve fund, which will increase to \$100,000 for FY 2019 and beyond. The Debt Service Fund will subsidize the Ball Park Fund approximately \$1.3 million annually through FY 2017-18 at which point the debt service subsidy will decrease to approximately \$1.1 million thereafter.

### **Appropriation Assumptions**

- Debt Service costs account for the issuance of \$12 million in taxable limited obligation bonds per the development agreement approved by Council on May 6, 2013. These bonds were used to provide \$6 million in deferred maintenance repairs and \$6 million in renovations to the Ball Park, completed in April 2014. Debt Service estimates are supplied by the Finance Department.
- Capital Repair/Replacement captures the anticipated replacement costs of large maintenance items such as electrical equipment, elevators and HVAC system replacements/upgrades.
- Transfer to Fund Balance represents the amount set aside to fund a capital reserve for future needs.
- Transfers to Other Funds represent an inter-fund loan repayment projected to be complete in FY 2017-18.

## DURHAM PERFORMING ARTS FUND PROJECTION

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenues</b>						
Other Local Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000
Other Revenues	\$ 905,800	\$ 1,168,605	\$ 1,023,000	\$ 1,000,000	\$ 753,023	\$ 753,023
Interest Income	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Operating Revenues	\$ 1,183,449	\$ 1,399,811	\$ 1,090,114	\$ 1,407,530	\$ 803,224	\$ 810,952
Appropriation from Fund Balance	\$ -	\$ -	\$ 2,397,256	\$ -	\$ 339,899	\$ -
<b>Total Revenues</b>	<b>\$ 3,494,249</b>	<b>\$ 3,978,416</b>	<b>\$ 5,920,370</b>	<b>\$ 3,817,530</b>	<b>\$ 3,306,146</b>	<b>\$ 2,973,975</b>
<b>Appropriations</b>						
Operating	\$ 220,905	\$ 228,473	\$ 236,350	\$ 244,550	\$ 253,087	\$ 261,978
Capital and Other	\$ 539,852	\$ 280,000	\$ 3,452,560	\$ 553,749	\$ 821,314	\$ 241,198
Debt Service	\$ 2,236,253	\$ 2,230,989	\$ 2,231,460	\$ 2,236,225	\$ 2,231,745	\$ 2,234,005
Appropriation to Fund Balance	\$ 497,239	\$ 1,238,954	\$ -	\$ 783,006	\$ -	\$ 236,794
<b>Total Appropriations</b>	<b>\$ 3,494,249</b>	<b>\$ 3,978,416</b>	<b>\$ 5,920,370</b>	<b>\$ 3,817,530</b>	<b>\$ 3,306,146</b>	<b>\$ 2,973,975</b>

## DURHAM PERFORMING ARTS PROJECTION

### Revenue Assumptions

- Other Local Taxes represents Occupancy Tax collections from Durham County. Durham Performing Arts Center is funded with 1% of collections, up to a maximum of \$1,400,000 annually.
- Other revenues represent Ticket Facility Fee Revenue and Naming Rights. Ticket facility fees are a \$1.50 surcharge charged on each ticket purchased for events and performances held at DPAC. Naming Rights fluctuate year to year as organizations' contractual rights to naming change.
- Operating revenues represents the City's share of the net operating revenue of the facility. The City of Durham receives a percentage of net operating revenue, based upon how much revenue falls into various reimbursement tiers. The current reimbursement schedule is as follows:
  - Tier 1: 40% of revenue below \$2,000,000
  - Tier 2: 30% of revenue between \$2,000,000 and \$2,300,000
  - Tier 3: 40% of revenue between \$2,300,000 and \$3,000,000
  - Tier 4: 20% of revenue above \$3,000,000
- Interest Income represents revenues gained through the commitment of City funds to investment instruments allowed under State Statute.
- Appropriations from Fund Balance represents any costs not covered from revenue sources.

### Appropriation Assumptions

- Operating costs represent commissions and fees to meet contractual obligations for the operation of the facility and are projected to grow at 2% annually.
- Capital and other represents expenses related to the maintenance, improvement, and repairs to the facility. These expenses were previously captured in the DPAC Capital Facilities fund, which was consolidated with the annual operating fund for the FY 2014-15 fiscal year.
- Debt service represents expected debt service on Certificates of Participation issued to finance the theatre. A debt refunding occurred during the FY 2014-15 fiscal year.
- Appropriation to Fund Balance represents transfers for any surplus revenue beyond expenditures.